

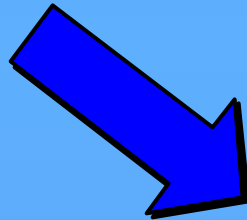
# **Understanding Consumer Attitudes For More Effective Marketing In The Travel Industry**

**Montana Governor's Conference  
On Tourism and Recreation  
March 24, 2003**

**J. Walker Smith  
President  
Yankelovich, Inc.**

**"People don't buy  
products, they buy  
solutions to problems."**

**Ted Levitt of Harvard**



**Need to find out  
what problems  
people have today,  
and then solve them.**

# Anxiety & Loss of Certainty

Dot-Com Bust

Stock Market Declines

Layoffs

9/11

Corporate & Wall Street Scandals

Church Abuse Scandals

Government Missteps & Budget Shortfalls

Worsening Economy & Job Security

Proposed Changes to Retirement Programs

# War With Iraq

# More Than 9/11

***Government:***

*NYT*, 9/02: 37% trust government to make right decision all/most of time – vs. 55% in 10/01

***Church:***

Gallup, 6/02: 45% confidence rating of church – vs. 60% in 2001

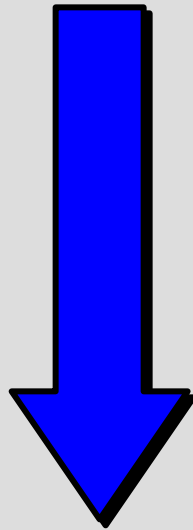
***Business:***

Ipsos-Reid/*BWeek*, 6/02: 4% very confident in earnings reports

NBC/*WSJ*, 7/02: 93% hardly or somewhat confident in executives

CBS, 7/02: 67% do *not* believe most executives honest – vs. 55% in 1985

# Economic Perceptions



- Current situation
- Investor optimism
- Employee outlook

**84%**

There seem to be more things to worry about today than there were just a few years ago

---

**Only  
35%**

The events of September 11<sup>th</sup> have had very little effect on my day-to-day life

*EIGHTIES  
NINETIES*

- Risk is good
- Focus mostly on upsides
- Feelings of control and optimism
- Dangers predictable

*MARKETPLACE  
AHEAD*

- Risk is bad
- Focus mostly on the downsides
- Feelings of anxiety and cautiousness
- Dangers unimaginable

**I find myself  
traveling for business  
less and using tele/  
video conferences more\***

**26%**

**\*Employed, white-collar  
professionals, 25+**

**Compared to a  
year ago, staying  
closer to home**

**35%**

**Feel Optimistic  
About Future:**

**Country: 75%**

**Personal: 85%**

**Yankelovich MONITOR  
OmniPlus, 9/03**

**From an  
*ACTIVE* to  
a *PASSIVE*  
optimism**

**ONLY**

**14%**

**Less tolerant of marketing  
and advertising in the  
event of a war with Iraq**

# GUIDELINES

Avoid marketing pitfalls, but do not avoid marketing

Have plans to deal with potential anti-marketing backlash

Don't over-react to the unfolding of events

Communicate your commitment to the well-being of the nation

Avoid flag-waving and exploitation

Eliminate all risks or hassles faced by consumers

Provide comfort and connection

Address consumers with a tone of credible optimism

Remember marketing fundamentals

Match message to context

Reexamine niche marketing vehicles

Keep all commitments flexible and adaptable

Look for alternatives to traditional marketing plans

Concentrate on your best customers

Segment customers by war worries

Track anxiety levels

Identify what is providing comfort and connection

Plan for potential disruptions

Avoid price increases

Use short-term tactics until things return to normal

Build a broad base of emotional resonance into all marketing

# Emotional resonance



**Attitudes**

**Motivations**

-----

**Behaviors**

**Transactions**

# The Post-Accumulation Marketplace

A World In Which We  
Value\*:

**Quality**

> Quantity

**Intangibles**

> Tangibles

**Time**

> Money

A World In Which We  
Want:

**Density**

of Connections

**Vibrancy**

of Experiences

**Authenticity**

of Relationships

\*UBS Warburg

# What's Changed



Baby Boomer Demographics

Paradox of Well-Being

Claustrophobia of Abundance

# What's Ahead

**LESS**

**Radical  
Materialism**

---

**Extreme  
Individualism**

---

**Culture of  
Celebrity**

---

**Conspicuous  
Consumption**

**MORE**

**FAMILY  
COMMUNITY**

**BALANCE  
INTEGRITY  
AUTHENTICITY  
SECURITY**

Spending more time  
these days thinking  
about what works in  
my life and what  
doesn't work

**76%**

While Americans may not  
be as well off in the future  
as they have been in the  
past, it may be better for  
our moral character and we  
may even be happier

**67%**

- **Indulgence**



**I'm more careful about  
sticking to my budget  
compared to a couple of  
years ago**

**70%**

**70%**

**Despite current economic  
conditions, I still allow  
myself expensive treats  
from time to time**

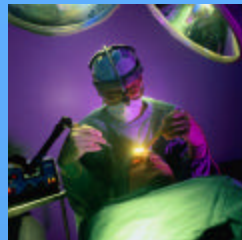


# The Mainstreaming of Affluence

SUSHI ● DAY SPAS ● ANTI-LOCK BRAKES ● COMPUTERS ● SUVs ● WINE ● OVERNIGHT MAIL ●



● ADVENTURE VACATIONS ● PLASTIC SURGERY ● GOURMET COFFEE ● ONLINE SHOPPING ●



EXTRA LEGROOM ON PLANES ● COLLEGE EDUCATION ● PRIVATE SCHOOLS ● WIRELESS PHONES ●

# Affluent-Speak Is Everywhere

## THEN:

- ▶ Used cars
- ▶ Old
- ▶ Glasses
- ▶ Curtains
- ▶ Stove

## NOW:

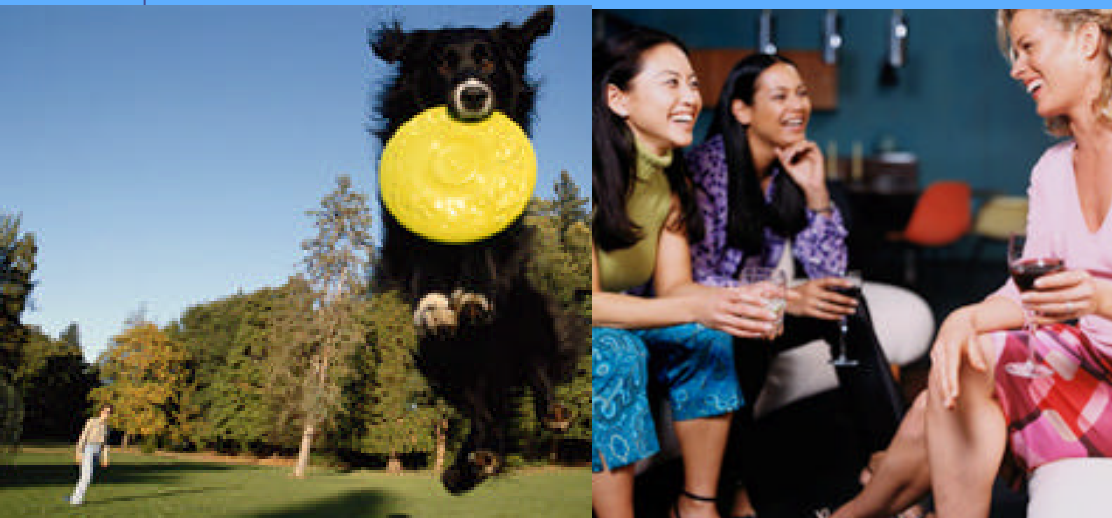
- ▶ Pre-owned automobiles
- ▶ Vintage
- ▶ Eyewear
- ▶ Window treatments
- ▶ Ranges and cooktops

# Fun On The Agenda

Have achieved or are making progress toward a goal of

having more fun"

73%



85%

Echoes

73%

Xers

76%

Boomers

61%

Matures

# The Small Pleasures

1999 2001 2002

## Fun is . . .

The little  
pleasures in life

66%

71%

71%

VS.

Big excitement

34%

29%

29%



# New Experiences In Particular



76%

Echoes

70%

Xers

61%

Boomers

42%

Matures

**63%**  
1997

**60%**  
2001

**61%**  
2002

**Need to satisfy hunger  
for new experiences**

# Affluent Older

Even though there are many things I would like to own, I prefer spending my money on enriching *experiences*

'91

65%

'01

86%

Believe in at least  
to some degree:

	'76	'98
	%	%
Spiritualism	12	52
Faith healing	10	45
Astrology	17	37
UFOs	24	30
Reincarnation	9	25
Mysticism	2	15
Voodoo	1	9

- **Indulgence**
- **Family**

- ▶ **77% of Americans say family time more important after 9.11 – Only 19% say making more money is**
- ▶ **70% feel need to spend more time at home since 9.11 – Increase from 62% saying so last November**
- ▶ **32% of employees cite balancing work/life as top concern, up from 25% in 1999**

# Connection

94%

Identify “finding more time for the important people in my life” as a current goal



23%

Achieved

69%

Making progress

8%

No progress

*"Favor return to traditional standards" in:* **Boomers** **Xers** **Boomers**

	1977	2001	2001
--	------	------	------

Family	56%	70%	74%
Parenting	47	71	73
Schools	40	55	63
Relationships	20	43	43
Work	19	29	34
Homemaking	16	39	42

# Focus on Family

**People should live for themselves  
rather than for their children:**

	1981	1988	2001
Total population	—	49%	44%
Total women	52%	49	41
Women 25 to 34	50	45	33

# GenXers on the Family Track

## Among Xers

	1999	2002
Married	44%	59%
Parents	51	62
Own home	48%	56%

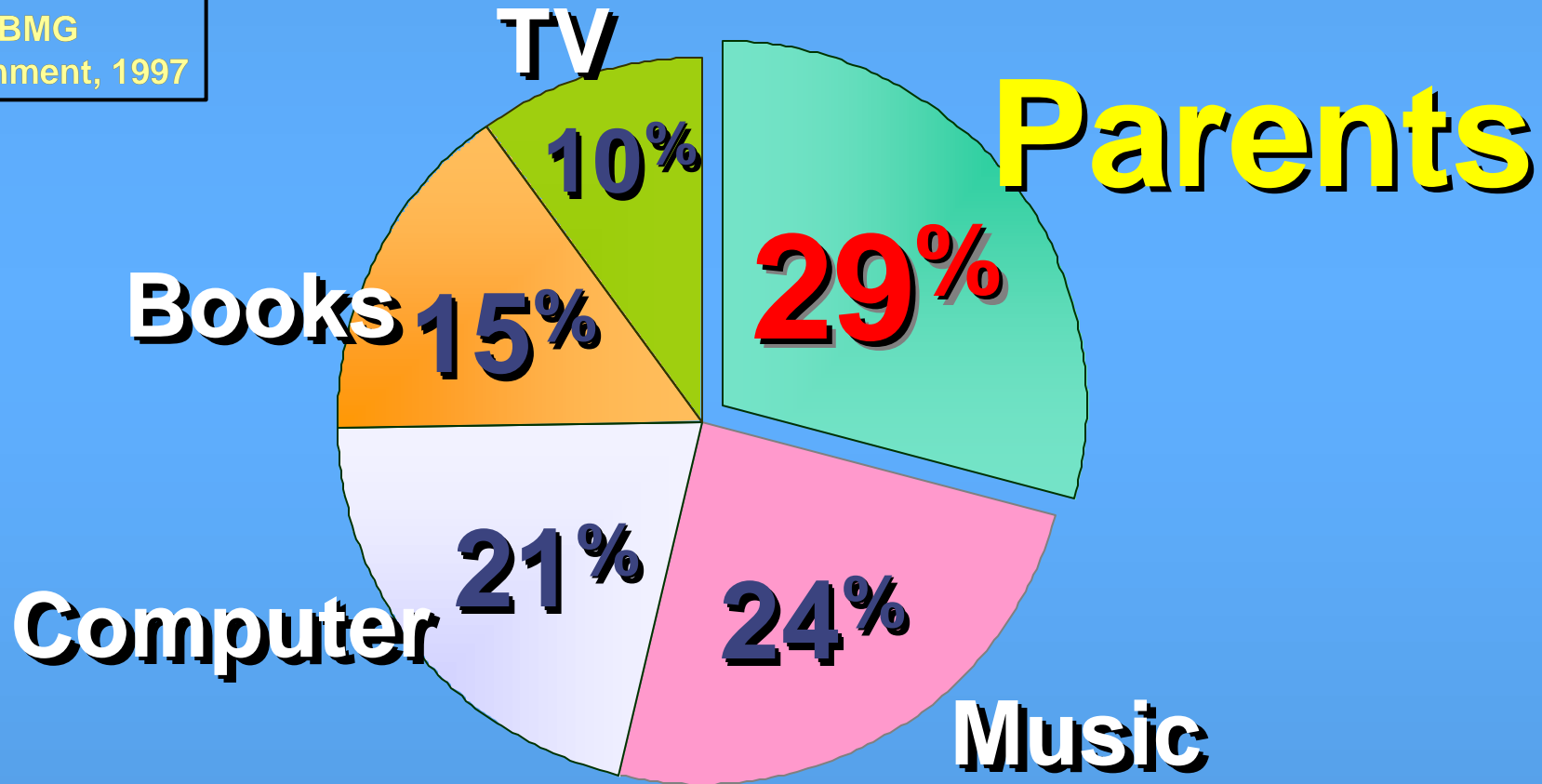
67%

I will do a better job  
raising my kids than the  
generation before me

# Xers

"If you were stranded on a desert island, what would you most like to have with you?"

Source: BMG  
Entertainment, 1997



# Hiving

The home as command central.  
A quest for connectedness.  
Putting family first.

Not cocooning – not a retreat;  
not defensive; not self-indulgent.

Instead, an embrace of others  
in a safe setting abuzz with  
activity and engagement.

## The Home as Hive



# Safe and Secure

91%

Feel safe in  
own home



# Increasing Influence of Kids on Family Decision-Making

**48%**

Of Online kids 12-17 say their parents have asked them to go online to find info about products and services\*

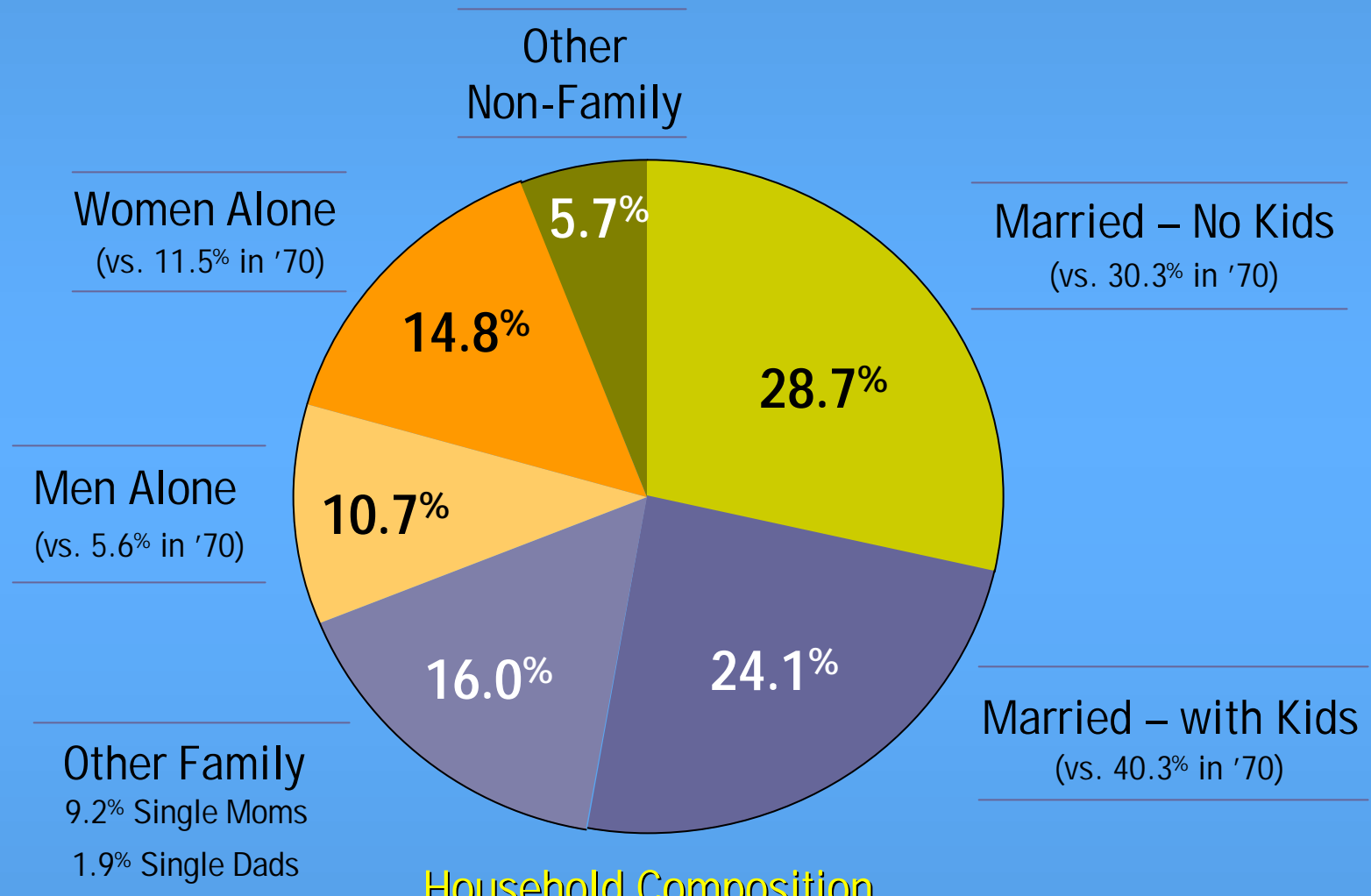
## Kids 6-17 influence everyday items

	1999	2001
Breakfast cereal	61%	73%
Movies to rent	60	67
Soft drinks	63	70
Snack foods	66	74
Sneakers	72	86
CDs/tapes	40	56

## And big-ticket items

	1999	2001
A place to go on vacation	37%	53%
The family car	12	20
Home electronics (TV/VCR/DVD)	9	32

# Fewer "Traditional" Households



Household Composition  
(Total Households: 105.5M)

\*US Census

# Fundamental Demographic Shifts

## Postponing Marriage

		Men		Women	
		1970	2000	1970	2000
% in each age group never married	20-24	55%	84%	36%	73%
	25-29	19	52	11	39
	30-34	9	30	6	22

US Census

## Having Children Later

		1980	1999	% Change
% of total births among each age group	<25	49%	37%	-24%
	25-29	31	27	-13
	30-34	15	23	+53
	35+	5	13	+160

NCHS, Vital Statistics of the U.S.

- Indulgence
- Family
- Authenticity

# It's How You Play the Game

**Aspects of American culture  
prefer or relate to more:**

1999

2001

2002

*Doing the work over getting  
the glory*

68%

75%

n/a

*Integrity over success*

58

65

73%

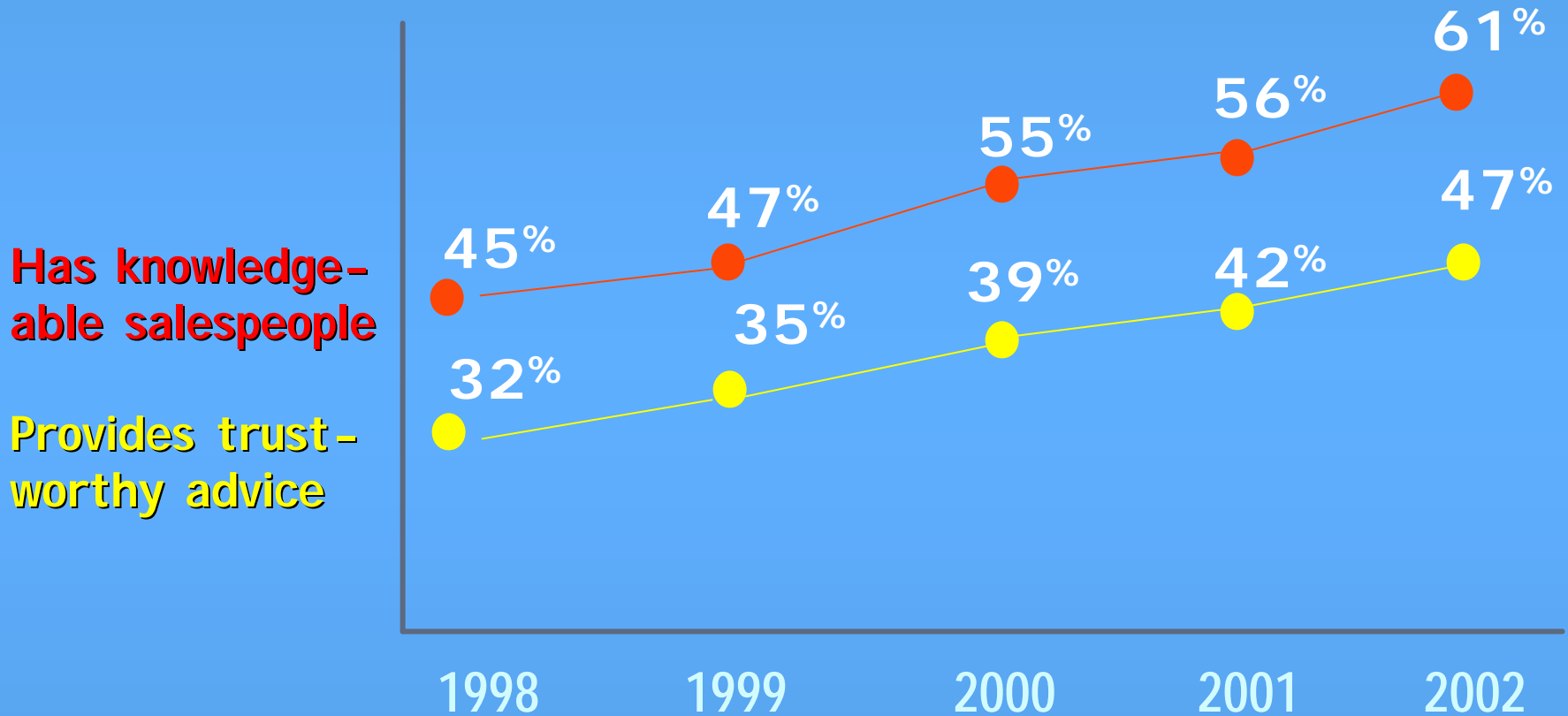
*Playing over winning*

54

61

n/a

# Demand for Trustworthiness



# Authenticity: Year In Review

## The Fall of...

MARTHA  
STEWART



- ▶ Unachievable perfection
- ▶ Unlimited time
- ▶ Subtle; below radar
- ▶ Unreal

## The Rise of



**Swap Spaces and  
Create New Places**

- ▶ Achievable reality
- ▶ Limited time & money
- ▶ Big bang re-do's
- ▶ Real people

# Doing Homework Pays

63%

Always/occasionally worth the effort:  
Spending time researching a  
product before buying it



50%  
<\$30K

63%  
\$30K-  
49.9K

68%  
\$50K-  
74.9K

74%  
\$75K+

Overwhelmed by  
all of information  
available today

**58%**

1999



**53%**

2002

Hate work  
involved in  
getting information

**63%**

1999



**56%**

2002

In ideal world, would  
have only information  
absolutely needed

**50%**

1999



**40%**

2002

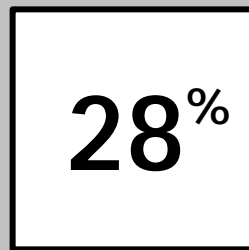
**76%**

**Make most of their  
travel arrangements  
themselves**

**72%**

**Like to explore on  
their own while  
on vacation**

## Listen to experts (vs. follow own instincts)



1997

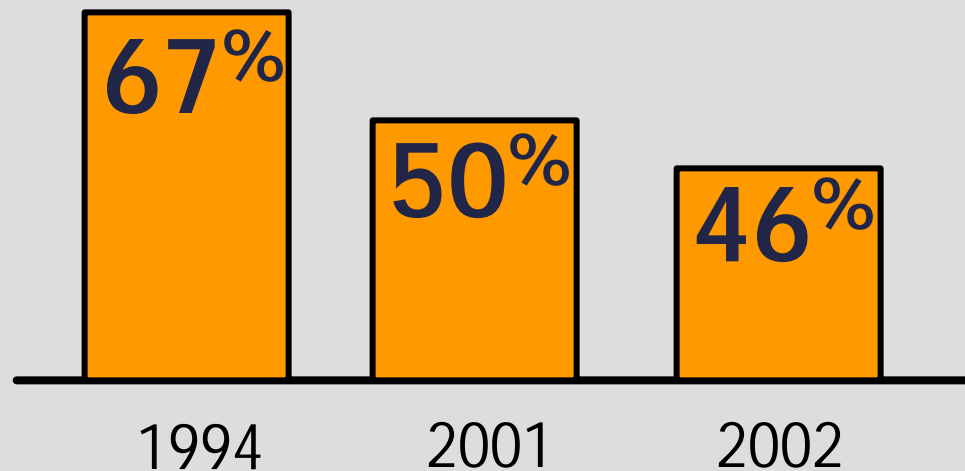
33%

2001

38%

2002

# **It is risky to buy a brand you are not familiar with**



# Brand as a Partner

Select brands because the brand . . .

Assures me that a **reliable company** stands behind the product or service **80%**

Tells me about the level of **quality** of a product or service **75%**

Helps me to **eliminate risk** so that I can avoid a bad decision **67%**

- **Indulgence**
- **Family**
- **Authenticity**
- **Service**

<\$35K

\$75K+

94%

I may not be wealthy, but I deserve the same level of customer service that wealthy people get

94%

94%

88%

When I go into a store, I expect to be treated like their best customer

84%

86%

84%

The prices I pay now for goods and services entitle me to the highest level of customer service

83%

84%

77%

Most businesses today have completely forgotten the idea that the customer is always right

80%

74%

# Speaking Up

79%

When I'm getting bad service, I have no problem speaking up

---

47%

Get angry because of bad customer service once a month or more often

---

26%

Have written/called a business to complain about a product or service in past year (34% Among Household Income of 75K+)

---

55%

Of online kids 9-17 have emailed a company or posted a message on their web site, to contact them about an issue



# Walking Out

**66%** **64%**  
2001 2002

**If I am getting bad service,  
I will walk out of a store  
even if they have exactly  
what I am looking for**

Echoes 50%

Xers 66%

Boomers 69%

Matures 62%

# Spreading Negative Buzz

5.4

Number of people you usually tell about a new product or service you really like



7.9

Number of people you usually tell about a new product or service you really *do not* like

# Technology has given me more leisure time

51%

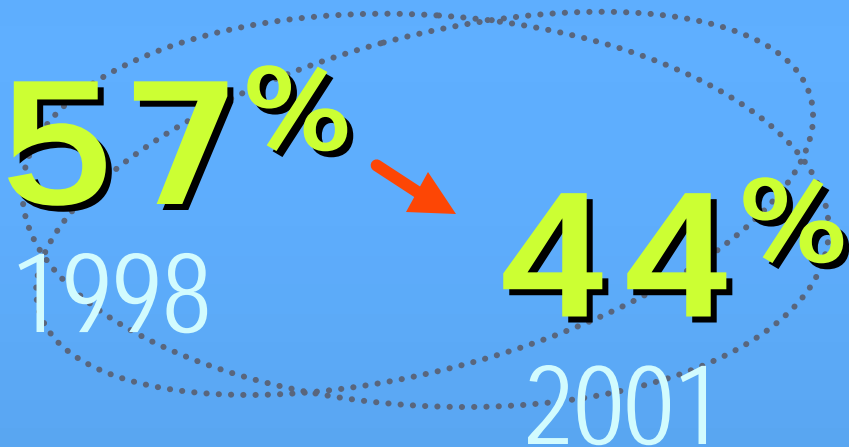
1996



43%

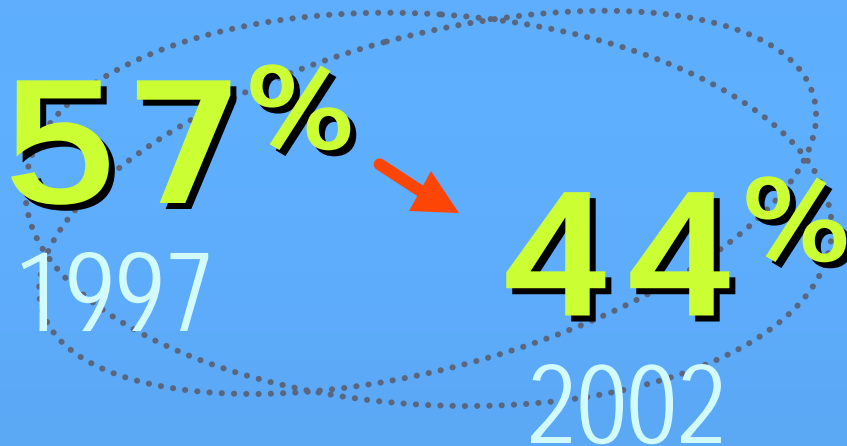
2002

**Going online makes  
me feel more  
connected to others**

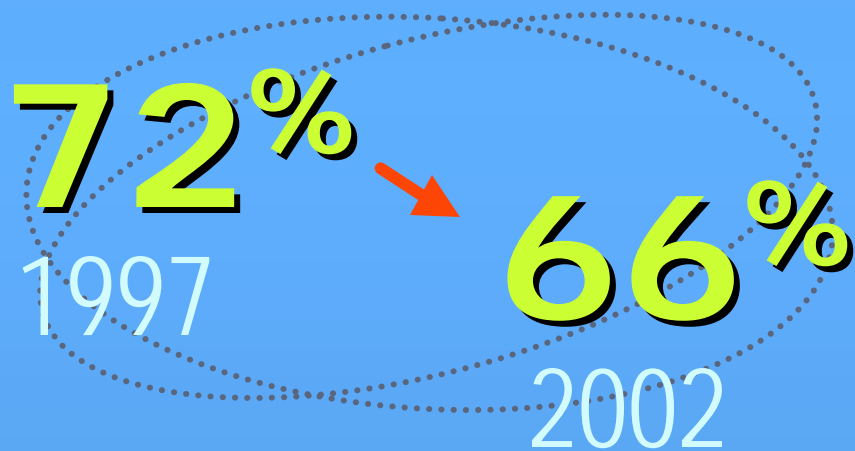


**Receiving an email  
message from a loved  
one not as satisfying as  
receiving a phone call**

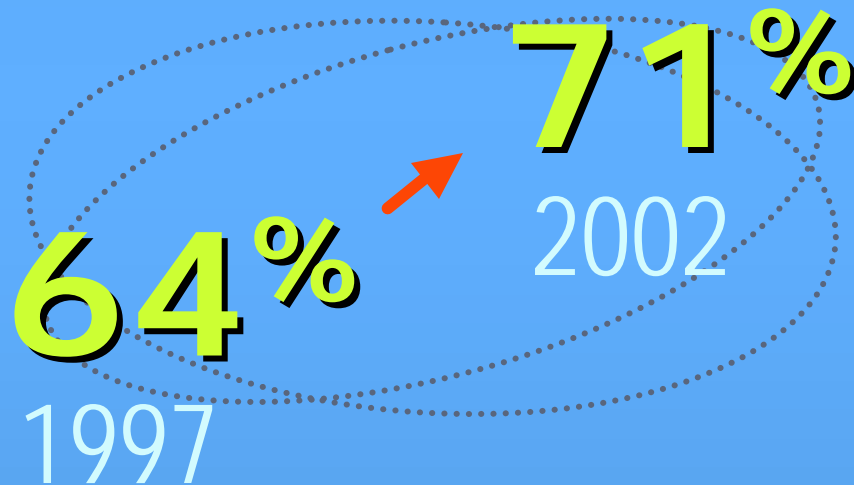
**Essential to keep up with  
latest new technology  
products and services**



# Need to feel more comfortable with new technologies



**Society has become  
too dependent  
on technology**



- **Indulgence**
- **Family**
- **Authenticity**
- **Service**
- **Boomers**

# Thinking Young

**"Chronologically, Boomers are at midlife, but psychologically they bear a closer resemblance to younger Americans than they do to older Americans."**

**"Boomers at Midlife"  
AARP, 11/02**



Agree: Life is “exciting”

Age: ——— ‘76 ——— ‘96

40-49      36%      52%



\*General Social Survey  
of The National Opinion Research Center

Adults 35-54 are 6%  
more likely than national  
average to be involved in  
sporting activities



\*American Demographics, 2/00

**BOOMERS** estimate  
spending close to  
**\$13,700** on leisure  
activities each year during  
their retirement

\* Allstate/Harris Interactive Financial  
Reality Check Study, 2002

Things will do after the children leave home:

## Boomers

Start putting more money aside for retirement	46%
Splurge on great vacation or buy myself something I can't afford with kids to support	43
Reconnect with spouse/significant other	42
Convert children's bedroom into an office, den, home gym, crafts room or some other room	39
See a significant decrease in my stress level	33
Cook far less often than I do now	29
Move to a smaller home	19
Buy a smaller, sportier car	16

\*Partial list; Base: parents with children under 25 living at home/away at school



## Putting the power of consumer insights to work in marketing databases

The Yankelovich MONITOR <sup>®</sup>	A view of consumer and marketplace trends	Marketing priorities and opportunities
MONITOR MindBase <sup>®</sup>	A view of consumer lifestyles and values	Targeting, communi- cations, and location
The Segmentation Company <sup>®</sup>	A view of category needs and preferences	Products, pricing, and messaging